

**CITY OF ANNAPOLIS, MARYLAND**

**STATEMENT OF NET ASSETS**

June 30, 2005

With Comparative Totals for June 30, 2004

Exhibit 1

	Governmental Activities	Business-type Activities	Totals	
			June 30, 2005	June 30, 2004 (as restated)
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 2,632,946	\$ 5,915,943	\$ 8,548,889	\$ 19,538,557
Investments	403,313	-	403,313	3,713,774
Receivables, net of allowances	5,107,080	6,279,420	11,386,500	6,151,161
Internal balances	10,454,122	(10,454,122)	-	-
Inventories	140,241	125,398	265,639	293,564
Prepaid items	20,965	80,699	101,664	66,610
Total Current Assets	<u>18,758,667</u>	<u>1,947,338</u>	<u>20,706,005</u>	<u>29,763,666</u>
Noncurrent Assets				
Restricted water and sewer capital facility assessments	-	7,125,885	7,125,885	7,179,120
Capital assets (net of accumulated depreciation):				
Land	4,099,953	3,243,442	7,343,395	7,343,395
Buildings	2,848,235	29,761,823	32,610,058	25,199,428
Improvements other than buildings	22,362,969	14,959,714	37,322,683	22,494,929
Equipment	4,170,052	2,027,670	6,197,722	6,305,740
Construction in progress	7,816,081	1,695,096	9,511,177	22,130,066
Total Noncurrent Assets	<u>41,297,290</u>	<u>58,813,630</u>	<u>100,110,920</u>	<u>90,652,678</u>
Total assets	<u>60,055,957</u>	<u>60,760,968</u>	<u>120,816,925</u>	<u>120,416,344</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	912,676	490,228	1,402,904	2,692,145
Accrued payables and other liabilities	1,737,380	1,732,605	3,469,985	2,702,665
Obligation for vacation benefits	-	383,067	383,067	365,763
Deferred revenue	-	296,429	296,429	399,246
Escrowed funds	3,161,451	-	3,161,451	3,647,552
Accrued self insurance costs	610,000	-	610,000	264,500
Current portion long term debt	1,733,449	1,821,122	3,554,571	3,869,880
Total Current Liabilities	<u>8,154,956</u>	<u>4,723,451</u>	<u>12,878,407</u>	<u>13,941,751</u>
Noncurrent Liabilities				
Obligation for vacation benefits, net of current portion	1,855,844	-	1,855,844	1,792,643
Unearned water and sewer capital facility assessments	-	7,125,885	7,125,885	7,179,120
Accrued self insurance costs	696,891	-	696,891	771,368
Long-term debt, net of current portion	16,064,695	17,975,930	34,040,625	37,527,774
Total Noncurrent Liabilities	<u>18,617,430</u>	<u>25,101,815</u>	<u>43,719,245</u>	<u>47,270,905</u>
Total liabilities	<u>26,772,386</u>	<u>29,825,266</u>	<u>56,597,652</u>	<u>61,212,656</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	23,499,144	31,890,693	55,389,837	42,075,904
Unrestricted	9,784,427	(954,991)	8,829,436	17,127,784
Total net assets	<u>\$ 33,283,571</u>	<u>\$ 30,935,702</u>	<u>\$ 64,219,273</u>	<u>\$ 59,203,688</u>

The accompanying notes to the financial statements  
are an integral part of this statement.